2021 INVESTOR DAY

New Consumer Marketplaces - Taobao Deals & Taocaicai

Trudy DAI, President of Industrial E-commerce & Community E-commerce

Alibaba

01

Huge Potential of Less-developed Areas in China

中国下沉市场
潜力巨大

02

Taobao Deals: Value-for-money Products from Manufacturer

淘特：极具性价比的
“源头好货”

03

Taocaicai: Next-day Self-pickup Fulfillment Network

淘菜菜：“次日自提”的
履约网络

04

Continuous Upgrade of Commerce Infrastructure

商业基础设施
持续升级

Huge Potential of Less-developed Areas in China

中国下沉市场潜力巨大

Large Target Consumer Base

目标用户规模大

~600 Mn

Internet Users with Monthly Income of RMB1K-8K, 2020[1]

Massive Retail Market

零售市场空间广

RMB15 Tn

Total Retail Sales in Lower-tier Cities & Towns, 2020[2]

Rapid Penetration of E-commerce

数字化交易增速迅猛

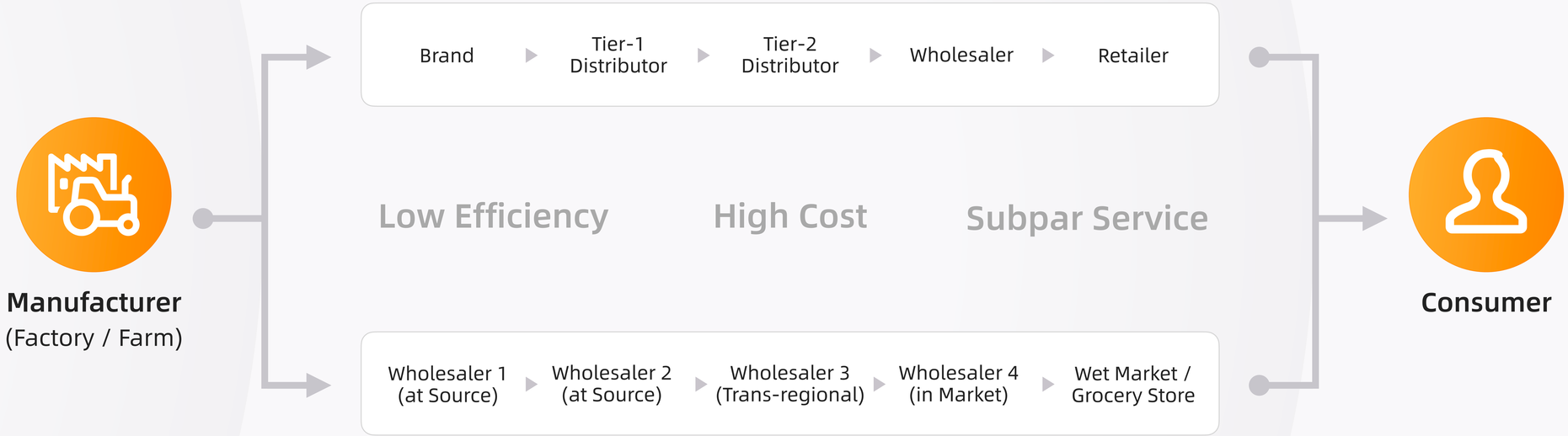
5x

Rural E-commerce GMV Growth 2015-2020[3]

Notes:
1. China Internet Network Information Center, 'The 47th Statistical Report on China's Internet Development' (2021).
2. Combined retail sales of tier-3 and below cities as well as all rural areas in 2020. Data from CEIC, 'Lower-tier market size' (2021).
3. Ministry of Commerce of the People's Republic of China, Office of the Central Cyberspace Affairs Commission, National Development and Reform Commission, 'The 14th Five-Year-Plan For E-commerce Development' (2021).

Our Focus: Manufacturer-to-Consumer (M2C)

我们的选择：M2C



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Taobao Deals
Multi-day Delivery

Taocaicai
Next-day Self-pickup

Manufacturer
(Factory / Farm)

Warehouse Operated by Taobao Deals / Merchant Warehouse

High Efficiency | Low Cost | Good Service

Regional Distribution Center ▸ Community Pick-up Point

Consumer

Value Proposition in Alibaba

业务定位

Higher Purchase Frequency

Perishables / FMCG / ...



Differentiated Fulfillment Experience

Next-day Self-pickup



Optimized Product Assortment for Less-developed Areas

Value-for-money Goods





Serve Existing Consumers

Acquire New Consumers

Rapidly Winning Consumer Mindshare

迅速取得消费者认可

Strong User Growth

用户规模快速扩大

~270 Mn

Taobao Deals + Taocaicai AAC (Deduped)[1]

200%

YoY Increase[2]

Fast Order Growth

交易订单量快速增长

~400%

Taobao Deals + Taocaicai Daily Orders YoY Increase (Deduped)[3]

Increased Consumer Stickiness

用户粘性显著增加

1.8x

Purchase Frequency (Taobao & Taobao Deals & Taocaicai) vs. Taobao Only[4]

Notes:

1. Annual active consumers of Taobao Deals and Taocaicai (deduped) for the twelve months ended September 30, 2021. 'Annual active consumers' are to user accounts that placed one or more confirmed orders through the relevant platform, regardless of whether or not the buyer and seller settle the transaction.
2. YoY increase of annual active consumers of Taobao Deals and Taocaicai (deduped) for the twelve months ended September 30, 2021.
3. YoY increase of orders on Taobao Deals and Taocaicai (deduped) for the month ended September 30, 2021.
4. Average number of purchase days per year comparison: consumers who shopped on Taobao & Taobao Deals & Taocaicai compared to consumers who shopped on Taobao only, for the twelve months ended September 30, 2021.

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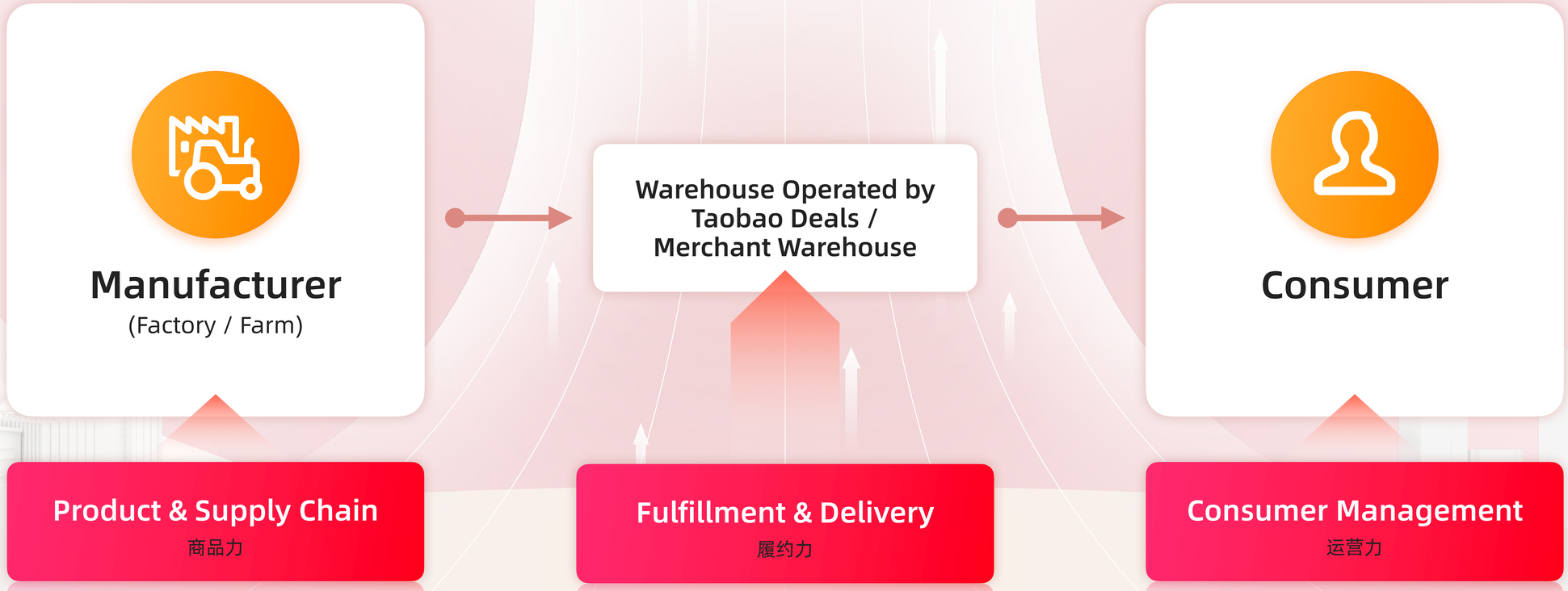
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商业基础设施
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Taobao Deals: Three Core Capabilities

淘特：三项核心能力



Product & Supply Chain: Value-for-money

商品力：极具性价比

Our Advantages

- 1688.com-verified Factories, Unbranded
- Essential Functionality
- Agile Manufacturing
- Turn-key Retail Operation Services
- Precision Marketing
- Quality Control

Pricing Model

- Branding Cost
- Design Cost
- Manufacturing Cost
- Retail Operation Cost
- Marketing Cost
- After-sales Service Cost

Total Cost × **Markup%** = **Retail Price**

Growing Supplier Network

~6 K

Participating Factories[1]

Broadening Product Assortment

1.7 K+

Sub-categories[1]


Personal Care


Beauty Tools


Home Textile


Home Care

Note:
1. As of September 30, 2021.

Product & Supply Chain: Value-for-money

商品力：极具性价比

Branded Product



¥199 (1)

Unbranded & Quality Control



¥119 (2)

Essential Functionality



¥69 (2)

Agile Manufacturing



¥45 (2)

Turn-key Retail Operation Services & Precision Marketing



¥14.9 (3)

13.5%
Profit Margin of the Factory(2)

98%
User Satisfaction(4)

465 K
Units Sold in First Year(5)

200%+
Retail Sales Growth of the Factory(6)

Notes:
1. Retail price of similar product on other platforms.
2. Data provided by the factory for the month ended September 30, 2021.
3. Retail price of similar product on Taobao Deals.
4. Percentage of positive ratings for the month ended September 30, 2021.
5. Sales volume for the twelve months ended December 31, 2020.
6. Data provided by the factory for the twelve months ended September 30, 2021.

Fulfillment & Delivery: High Efficiency, Low Cost

履约力：高效率低成本

Streamlined Distribution

M2C Model

→ No Unnecessary Intermediaries



Nationwide Warehouse Network

30+ Warehouses Close to Manufacturing Bases(1)

→ Higher Efficiency & Lower Fulfillment Cost



Fulfillment by Taobao Deals

24-hour Collection & One-stop Customer Service

→ Enhanced Logistics Experience



Note:
1. As of September 30, 2021.

Consumer Management: Fun and User-friendly

运营力：好玩简单

Interactive Games



Livestreaming



Social Fission



Bundled Offers



Worry-free Guarantee



Taobao Deals: Rapid Consumer and Order Growth

淘特：用户及订单快速增长



240 Mn+

AAC[1]



290%+

Total Order Growth YoY[2]



1.1 Bn

M2C Orders for Direct-from-factory Products[3]



180 Mn

Orders of Agricultural Products[4]

Notes:
1. Annual active consumers of Taobao Deals for the twelve months ended September 30, 2021.
2. YoY increase of Taobao Deals orders for the twelve months ended September 30, 2021.
3. Number of M2C orders for direct-from-factory products for the twelve months ended September 30, 2021.
4. Number of agricultural product orders for the twelve months ended September 30, 2021.

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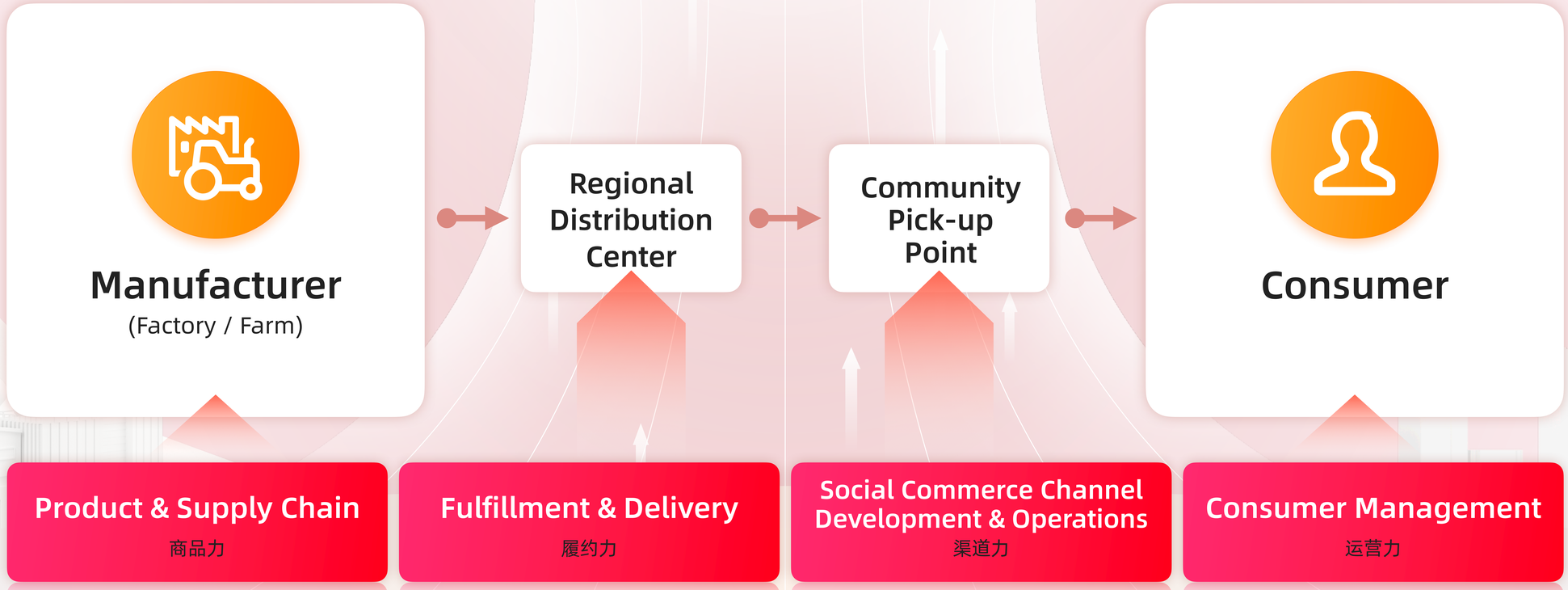
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Taocaicai: Four Core Capabilities

淘菜菜：四项核心能力



Product & Supply Chain: High Quality, Rich Assortment

商品力：更好更丰富

Non-perishables

Taobao Deals: Value-for-money Merchandise

Daily Household Necessities

Sun Art: Synergy in Procurement and Supply

SUN ART Retail Group Limited

~1.6 K

Brands in Joint Procurement Program(1)

康师傅 金龙鱼 Coca-Cola Rejoice 飘柔 ...

3.5 K+

Private-label Products(2)



Vermicelli Sugar Sesame Oil Prawn Crackers

40+

Regional Procurement Teams(2)



FMCG, Packaged Food ...

Third-party Procurement

Localized by Region

City-specific Assortment

Competitive Bidding

Noodle Chongqing

Liquor Shanxi

Ham Jinhua

Notes:
1. Number of brands with sales in the joint procurement program between Taocaicai and Sun Art for the six months ended September 30, 2021.
2. As of September 30, 2021.

Product & Supply Chain: High Quality, Rich Assortment

商品力：更好更丰富

Perishables

Direct Procurement from Farms: 7 Years of Experience

700+

Agricultural Bases(1)



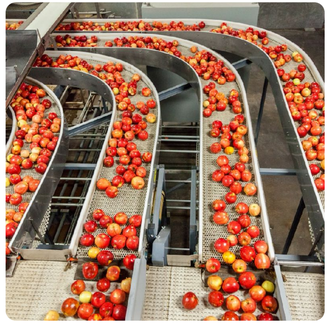
Sun Art: Co-operated Perishables Processing Centers (PPC)



PPC for Each Distribution Center



Digitalized & Automated Freshness Preservation Technology

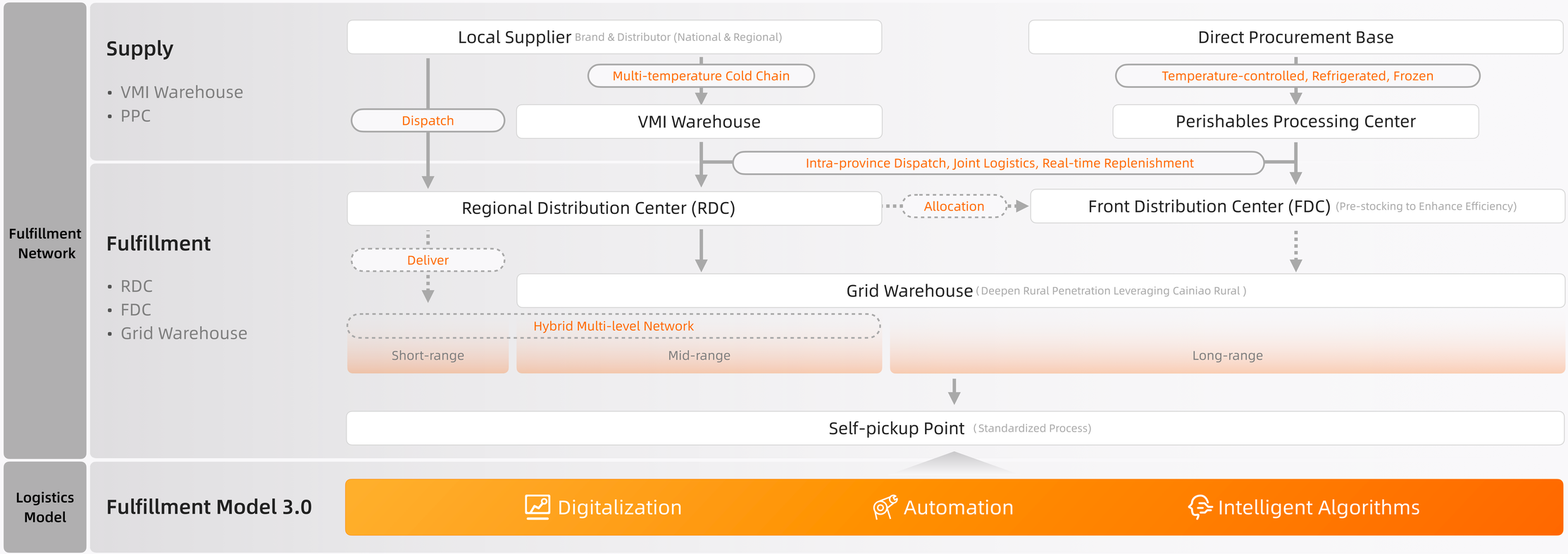


Automated Grading & Sorting Lines for Fruits & Vegetables

Note:
1. Total number of agricultural procurement bases: Sun Art + Taocaicai, as of September 30, 2021.

Fulfillment & Delivery: Effective, Efficient, Reliable

履约力：高效、准时、可靠



Note:
1. Percentage of orders delivered before 12:00pm noon the next day, for the month ended September 30, 2021.

Fulfillment & Delivery: Effective, Efficient, Reliable

履约力：高效、准时、可靠



Effective

Category-specific Solutions

Fully Controlled End-to-end Digital Operations



Efficient

Optimized Delivery Schedule Based on Distance

97% of Orders Delivered before Noon the Next Day(1)



Reliable

End-to-end Cold Chain Capability with Three Temperature Tiers: Temperature-controlled, Refrigerated, Frozen

Note:
1. Percentage of orders delivered before 12:00pm noon the next day, for the month ended September 30, 2021.

Social Commerce Channel Development & Operations: Multi-format Services for Local Communities

渠道力：线下多业态服务社区

Store Owner Pick-up Points

560 K

Stores[1]

Integrated Operation of Community Group and Physical Store



Synergy with Cainiao Posts

45 K+

Posts within Taocaicai Service Areas[2]

Upgrade from Parcel Pick-up Service Providers to Social Commerce Group Leaders



Coverage of Counties and Townships

40%

Taocaicai Penetration Rate[3]

Enhanced Integration of Logistics & Commerce by Leveraging Cainiao Capabilities in Rural Areas



Notes:
1. Number of Taocaicai social commerce group leaders who are store owners, as of September 30, 2021.
2. Number of Cainiao Posts that are within Taocaicai service areas, as of September 30, 2021.
3. Percentage of counties and townships in China covered by Taocaicai, as of September 30, 2021.

Consumer Management:
Multiple Entry Points with Various Shopping Scenarios

运营力：线上多端多场景

Entry Points

Taobao App



Taobao Deals App



Mini Program

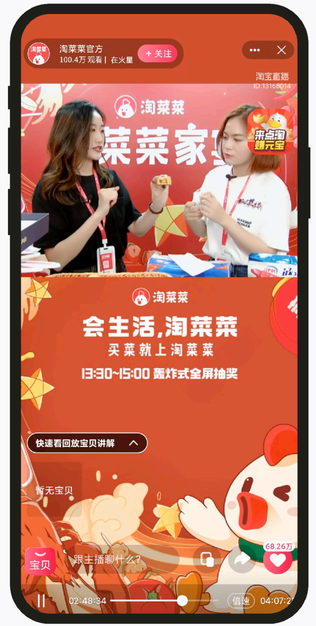


Shopping Scenarios

Community Shopping Group



Livestreaming



Taocaicai: Rapidly Scaling Commerce Infrastructure

淘菜菜-商业基础设施快速布局

350%+
6-month Increase

RDC Gross Floor Area[1]

~800%
6-month Increase

Number of SKUs Sold[2]

530%+
6-month Increase

GMV[3]

Notes:
1. Increase in RDC gross floor area, September 30, 2021 vs. March 31, 2021.
2. Increase in daily average number of SKUs sold for the month ended September 30, 2021 vs. the month ended March 31, 2021.
3. Increase in GMV for the month ended September 30, 2021 vs. the month ended March 31, 2021.

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Continuous Upgrade of Manufacturing Infrastructure

产地基础设施持续升级



Smart Factory

Smart Production Lines
Product Customization Capability
Agile Manufacturing



Digitalized Agriculture

Digitalized Seed Selection
Digitalized Planting
Digitalized Traceability



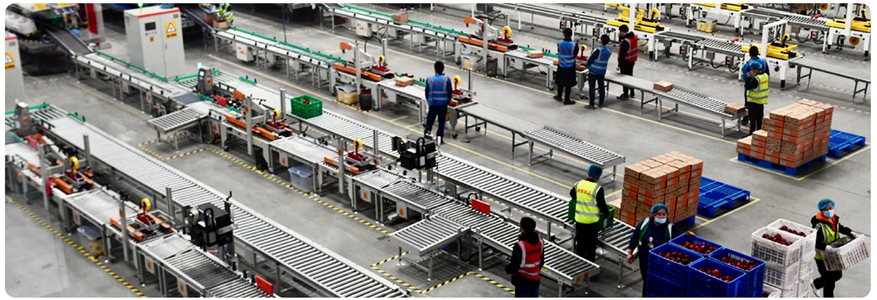
Technology-enabled Direct Marketing

Livestreaming from Origin
Brand Incubation

Continuous Upgrade of Fulfillment Infrastructure

履约基础设施持续升级

Integrated Inbound and Outbound Fulfillment Network for Rural Areas



First-mile: Warehouse Operation

Automated Sorting, Processing, Conveying
→ Reduce Cost & Enhance Efficiency

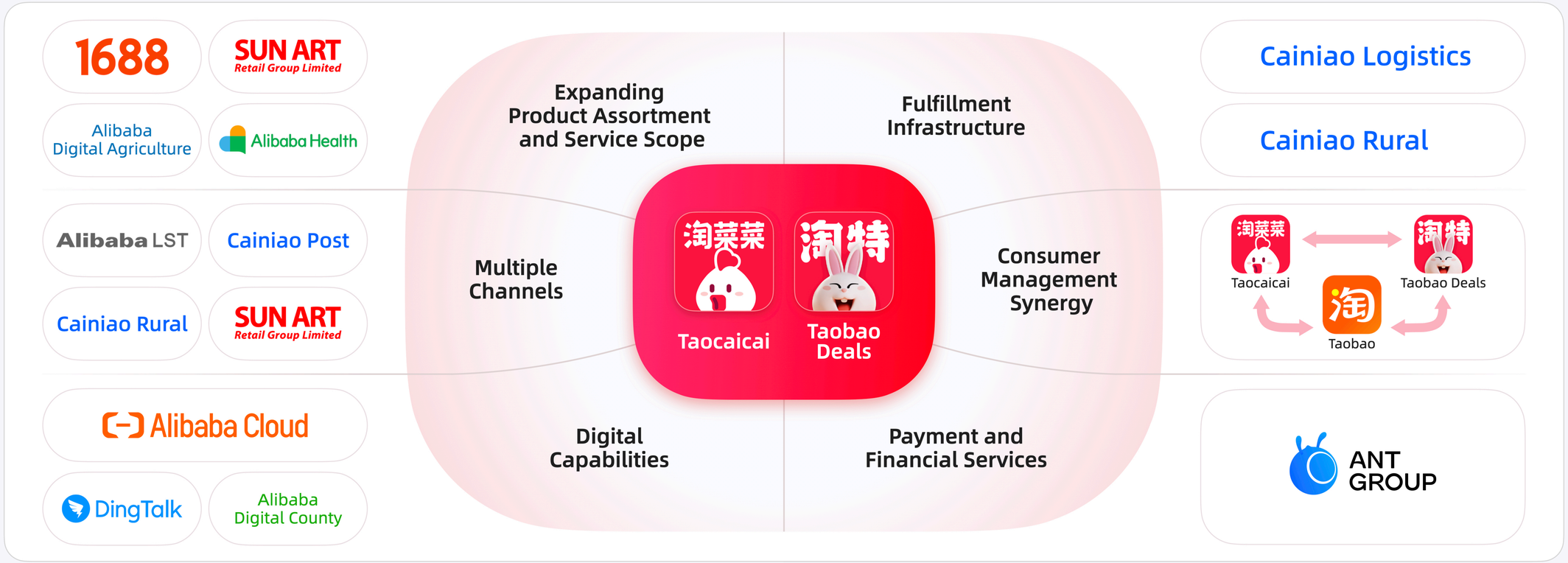


Last-mile: Fulfillment

Shared Warehouse & Delivery Resources,
Serving County, Township & Village Levels
→ Deeper Coverage

Alibaba Ecosystem: Serving Consumers in Less-developed Areas

阿里巴巴生态体系服务下沉市场用户



Positive Social Impacts

积极的社会影响



Ensuring Stable Supply of Daily Necessities

Maintaining Uninterrupted Services During COVID-19 Quarantine and Extreme Weather



Empowering Industries with Science & Technology

Driving Standardization and Higher Value Add in Agriculture



Creating Jobs

Delivering Vocational Training Facilitating Business Start-ups in Hometown


To Make It Easy To Do Business Anywhere
让 天 下 没 有 难 做 的 生 意
Alibaba